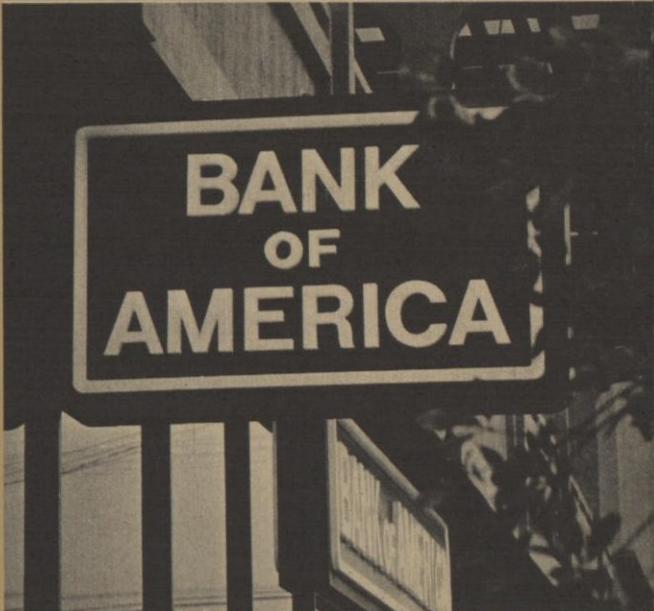
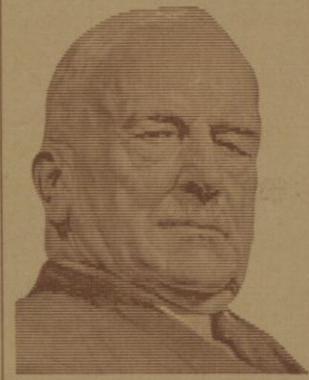


CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

A. P. GIANNINI
FOUNDER
1870-1949



Annual Report 1966

*"Preparation today spells success tomorrow.
The bank that has the vision to see, the
courage to do, and the moral character to
safeguard its trust is bound to go far."*

A. P. Giannini

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62 Years of Growth	Inside back cover

**REPORT
TO OUR
STOCKHOLDERS
1966**



1966

saw Bank of America ring up record earnings of \$113 million. Deposits rose to surpass \$16.4 billion, and loans outstanding were in excess of \$10.9 billion at the conclusion of the year.

This strong performance is particularly gratifying because 1966 was a difficult and vexing year for the management of Bank of America and most other commercial banks. Not only were there unprecedented world-wide demands for credit and strong competition for available funds, but the year was also one in which the nation's commercial banks were required to bear the major burden of Federal attempts to contain an overheated economy. It was a year, therefore, which required constant fine tuning and careful and precise adjustments of both the loan portfolio and the supply of funds.

The Story Begins in 1965

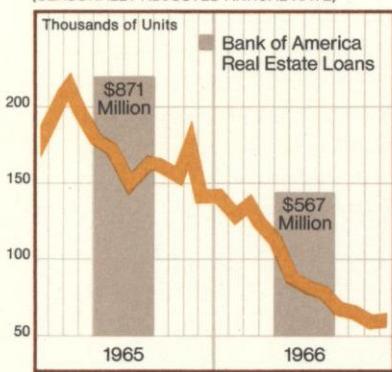
The 1966 Bank of America story properly begins in 1965. By the middle of that year, continuous heavy credit demand and inflationary pressures in the economy made it apparent that monetary policy would be tightened in the coming months. And, with tighter money and continued heavy credit pressures, the already strong competition for available funds would intensify. As we looked ahead toward 1966, we envisioned that we would be faced with often contradictory pressures. In order to curb inflation, Federal monetary policy would tighten the money supply available for meeting the nation's credit demands. Without accompanying fiscal measures, this squeeze on the money supply could become extremely severe; yet, a booming economy would give rise to continuing demand for credit. And the banker would be the man in the middle. Obviously, our problems would involve competing for available funds, allocating credit in such a way as to serve best the economic needs of the state and nation and, at the same time, maintaining our market penetration.

In late 1965, we could see that meeting these objectives without impairing liquidity or taking substantial losses in securities sales would require constant attention and astute management of our security portfolio and our secondary reserves. With this in mind, we took several steps during 1965 to strengthen our basic position in anticipation of tighter conditions both at home and abroad. We increased our short-term securities position and broadened our nation-wide and world-wide money market contacts. We also put increased emphasis on the sale of real estate loans in the secondary market and adjusted our real estate and Timeplan lending policies to reflect the tightening situation. In December of 1965, the Federal Reserve Board, in a timely and courageous move to dampen inflationary pressures, raised the rediscountrate from 4% to 4½% and increased the ceiling on

time deposit rates to 5½%. And, with the Federal Reserve's announcement, the problems of 1966 began.

The First Quarter of 1966

HOUSING STARTS IN CALIFORNIA
(SEASONALLY ADJUSTED ANNUAL RATE)

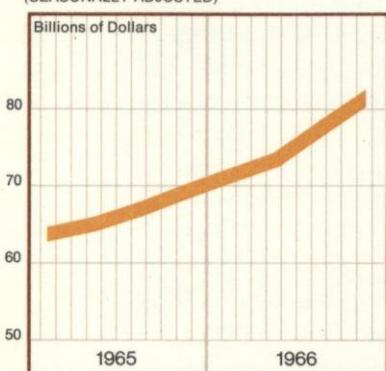


To better compete for time money, we increased our interest rates on such deposits. We stressed the need for balances in connection with commercial loans and, of course, raised rates. We began our program of stressing selectivity and purpose as major criteria for commercial loans. We believed that our major corporate customers had alternative sources of funds and would not be greatly inconvenienced by some restraint in the lines of credit available to them. In the instalment credit field, we stressed quality control to our branch managers. Because of the problems of the California housing industry, we felt a responsibility to continue to make real estate loans at a pace comparable with previous years. As a result of this public interest decision, our mortgage loan terms remained among the most competitive in the market, and we were able to pump more than \$400 million into California's sagging real estate and construction industries during the first half of the year alone. A similar public interest decision was made on behalf of the California farmer. We assured agriculturists that there would be no curtailment in lines of credit to this vital segment of our state's economy.

By March, however, we realized that our deposit situation was disappointing. Our earlier moves had not produced the desired results, and further policy adjustments were in order if we were to meet mounting loan demand. A more aggressive time deposit solicitation program was instituted through our nation-wide investment network. We instituted our 5% certificates for individuals to supplement our regular 4% savings accounts and provide a new vehicle to attract rate-conscious savings funds.

The Second Quarter

FEDERAL GOVERNMENT PURCHASES
OF GOODS AND SERVICES
(SEASONALLY ADJUSTED)



These moves produced a dramatic change in the deposit picture in the second quarter. Savings and time deposit growth picked up sharply, and we realized a gain of well over half a billion dollars for the first half of 1966. Our new program for savers and large-scale depositors was effective. In demand deposit categories, the annual rate of increase rose to nearly 3.5% after averaging only 1.3% for the same 1965 period. Our efforts to attract new deposits and "close the back door" on account terminations were being carried out successfully. Despite the inflow of deposits, however, money became progressively tighter as the year wore on. The tight money policies of the Federal Reserve and heavy private demand for credit were not the only pressures on the money market. Little recognition was given during 1966 to the effect of stepped-up public requirements for new money to spend on both defense and nondefense activities. The government, through securities sales, funded part of its needs in the same general money market. Indirectly, it increased pressures through a series of steps designed to accelerate the collection of taxes. These steps forced corporate treasurers and others to borrow money—from banks in particular—in amounts well above those which would have been necessary had the government met its deficit through its own borrowing.

The U.S. economy was also being affected by developments abroad. Monetary trends overseas closely paralleled those in the United States,

INDUSTRIAL PRODUCTION INDEX
(SEASONALLY ADJUSTED)



The Third Quarter

and a midyear sterling crisis created further uncertainties. Unprecedented demands for credit existed in both developed and developing nations.

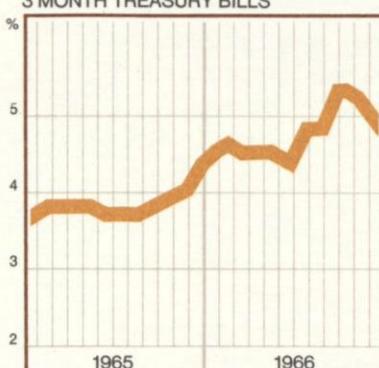
In any case, despite the continuous and mounting pressures on the money market, some important changes were taking place in the private sector of the American economy. Leading indicators of business activity were showing increasing signs of weakness. As a group they had peaked out early in the second quarter, and some had displayed slowing tendencies early in the first quarter. Retail sales had been on a plateau since the first quarter, and auto sales were lagging. Over all, these indicators suggested that financial pressures might show signs of moderation late in the second half. Despite the cooling beginning to take place in the economy, we were relatively certain that the third quarter would produce extraordinarily tight money conditions and that rising interest rates in the money market would preclude a continuation of the dramatic deposit gains we were experiencing in the second quarter. Therefore, we determined the time had come for stringent credit rationing and, in June and July, we began to take steps to ration credit across the board.

Branches and lending officers were informed that, temporarily, we simply could not meet all credit demands and funds must be allocated among competing borrowers. We tightened further our commercial loan policy for major customers. A guideline for loans was published. Generally, the guideline stipulated that loans could only be made to cover normal working capital requirements of our present customers. Except under unusual circumstances, loan applications were not to be accepted from noncustomers. Minimum requirements for loans were raised, and rates were increased. For all loans—real estate, instalment credit, and commercial—we stressed the purpose criteria. Loans would be made for useful and immediate needs but not for luxuries or projects which could be postponed. For example, we would loan for an immediately needed home repair but would decline a loan for a swimming pool.

These steps proved effective when the mounting demand for funds produced the phenomenon that the banking industry has come to call the "third quarter crunch." The money market boiled to an extent that was unexpected by even the most seasoned financial executives. By the end of August, long-term Treasury security yields had been driven above the 5% level for the first time since the early 1920's. Intermediate Treasuries were above 6%, to be closely followed by similar yields even in the short-term Treasury Bill area. Some observers claim that this produced the tightest credit environment in the Twentieth Century. Demands appeared to be almost without limit in relation to the increasing squeeze that was being placed upon the available supply of credit resources. The clamp of a tighter Federal Reserve policy reached its peak during this quarter. Free market interest rates rose to such high levels that they precluded effective rate competition by banks.

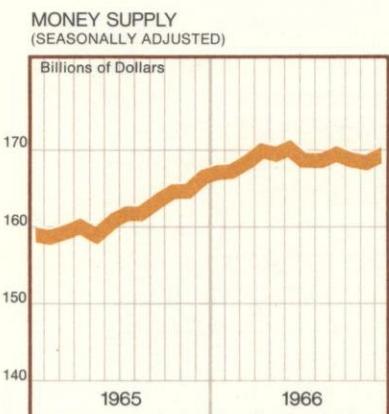
Obviously, under these conditions we were hard pressed. Nevertheless, we still had sufficient secondary reserves to provide necessary liquidity. Intensive use of our billion-dollar-a-day money market trading operation helped to support our marginal needs. At the end of the third quarter, we

INTEREST RATES ON
3 MONTH TREASURY BILLS



had come through the worst of the financial squeeze with a loan-deposit ratio at a still manageable 68% level and, despite the sharp rise in the cost of funds, we remained on target with our earnings projection. Earnings were up over 11% for the first nine months as compared with the similar 1965 period.

The Fourth Quarter



Slowdowns in the private sector became progressively more apparent as the year waned, but the significance of this had to be measured against the government spending boom, which was still in progress. Nevertheless, the financial pressures so painfully apparent during the third quarter began to moderate during the fourth. Some badly needed open market action by Federal Reserve authorities proved helpful, as did the program proposed by the Administration in September to shift the burden of control toward fiscal actions and to alleviate some of the more bothersome financial market pressures.

The Federal Reserve moved generally and more or less steadily away from its very restrictive policy stance during the closing months of the year. This improved the tone of the market at a time when general credit expansion appeared to be moderating and produced a fractional decline in interest rates. Nevertheless, a tight environment continued through the close of the year.

From our point of view, we welcomed the relief but did not view it as sufficient to warrant a significant shift in our internal policies. Because some restructuring of liquidity is always advisable immediately following a severe squeeze, we felt it was necessary to keep a tight rein on loan expansion through year end.

Therefore, most of our deposit expansion toward the end of the year went to improve liquidity, and the bank's investment portfolio increased by about \$200 million to approximately \$3.5 billion. We also were able to realize an after-tax profit on portfolio operations during the year. Thus, we managed not only to maintain adequate liquidity but also to add to capital funds in the process.

For the year as a whole, we realized a total deposit gain of \$1.4 billion, which was on target with the planning objective we had given to our executive staff in January of 1966.

On the loan side, we realized a total expansion of \$766 million during the year to a new record total of \$10.9 billion. This total proved to be somewhat above our projected increase, for obvious reasons.

While dealing with the exigencies of 1966, the bank also made progress on many long-range plans.

In May, we announced a licensing plan designed to develop BankAmericard into a national all-purpose credit card. Under the plan, a wholly owned subsidiary—BankAmerica Service Corporation—licenses banks throughout the nation and advises them on credit card procedures. Each licensee bank's credit card has interchange privileges with all other licensees.

By the end of the year, 14 banks were participating in the program. The total resources of banks offering BankAmericard were \$28.5 billion.

BankAmericard Licensing Plan

Advances in Electronics

We believe that this marks the beginning of a national, and perhaps world-wide, universal bank credit card.

During the year, we made a substantial investment in new computer systems. Our current 12 ERMA centers and most other existing computers will be replaced by two IBM 360 Model 65 systems. Although this conversion effort has been fraught with the problems common to the application of advanced technology, we are confident that, as one of the first commercial users of this new third generation equipment, we are not only preparing for substantial future cost reduction but also are preserving our technological lead in the application of electronics to banking.

Personal Trust customer records have been converted to the most complete computer-based accounting and information reporting system yet developed. This system, encompassing all of the complexities associated with Trust accounting, satisfies the dual reporting requirements of our decentralized Trust servicing organization. It provides fast, accurate, and comprehensive reporting of all Trust accounting data and assembles information for centralized Trust portfolio review and investment planning. It also features new customer-oriented cash and asset statements and special internal procedures to assure the highest possible level of service.

International Activities Expand

Overseas, we were able to continue the rapid expansion of our international business. One of our primary management objectives internationally is widespread geographic diversification. We believe that this policy not only increases opportunities for profit but also provides a hedge against adverse developments in any particular geographic area. In keeping with this policy, 10 new branches were opened abroad during the year, including two additional branches in Hong Kong. Other branches established were: Brussels, Belgium; Calcutta, India; Lima, Peru; Panama and Colon, Republic of Panama; Saigon, South Vietnam; Tamuning, Guam; and Tegucigalpa, Honduras.

Either directly or through subsidiaries, we continued our program of investment overseas. We acquired full ownership of the former Curt Briechele GmbH, Germany. This company, which specializes in instalment financing, is now known as Centrale Credit GmbH. We increased our investment in Corporacion Financiera, S.A., Mexico, and the Industrial Credit and Investment Corporation of India, Ltd. We made a new investment in the Northern Industrial Finance Corporation, Philippines, and participated with the Banque de Paris et des Pays Bas in the establishment of the Ameribas Holding, S.A., Luxembourg.

Our total international resources, including the parent company and all subsidiaries, climbed to well over four billion dollars at the end of 1966. Bank of America (International), our wholly owned Edge Act subsidiary in New York, enjoyed another profitable year. Its net operating earnings amounted to \$3.9 million.

Once again, 1966 proved the importance of overseas facilities to domestic banking operations. When necessary during the period of extremely tight money, we were able to attract funds from overseas sources while still meeting the basic financial needs of customers in foreign countries.

Difficult as conditions were in 1966, Bank of America prospered. We managed, despite the extraordinary pressures of the year, to adjust our policies in a timely manner. As a result, we were able to maintain our over-all market penetration, increase earnings, and continue our long-term projects, both domestic and international.

The Lessons of 1966

Nevertheless, we see in the echoes of 1966 some problems ahead for commercial banking. We mentioned early in our report that the banker was the man in the middle of the economic crosscurrents. The commercial banking system admirably fulfilled its role as a vibrant and vital economic instrument in 1966. Yet, because it was in the very center of severe economic pressures, it is almost certain to be the target of unwarranted criticism and demands for change in the wake of the tight money situation.

By long and healthy tradition, commercial banks in this country are privately owned and profit motivated. But they are also heavily regulated by government. The nation's broad monetary policies are in fact carried out largely by direct influence upon the lending and investing activities of commercial banks. Thus, banking lies at the economic heart of the nation and immediately reflects any significant change in the economic pulse.

So long as the economy is moving ahead with reasonable vigor and few financial adjustments, banking is accepted as a silent service, quietly but effectively supporting the financial needs of the consumer, business, agriculture, and government. But, when the economy is experiencing major stresses and strains, commercial banks find themselves in the middle between the policy pressures of governmental regulatory agencies on the one hand and the heavy demands of the private economy on the other.

The Banker in the Middle

As we have indicated, this was the case last year on a scale seldom before equaled. Simultaneously, banking has been criticized by government for lending too much and by customers for lending too little; by public officials for competing too vigorously for deposits and by prospective borrowers and stockholders for not having enough loanable funds; by some public critics for raising interest rates too rapidly and by others for not responding quickly enough to changes in monetary policy; on the one hand for aggravating U.S. balance of payments problems and on the other for not lending enough to the developing nations. While trying to help government, banking has had little help from government in explaining to the public the role of the commercial banking system in carrying out U.S. government policy objectives.

Being in the middle is no new experience for bankers, but some important differences exist this time, and the prospects are for little near-term relief. Government is taking a much more important part in endeavoring to guide economic affairs, all too often contributing to unsettled money market conditions by its own record-breaking demands for new funds. Some of the stiffest competition which banks face for loanable funds, for example, is now coming from government itself in such new forms as Federal Participation Certificates and, potentially, the Vietnam war savings notes. At the same time, government also has far-reaching regulatory powers over commercial banks.

Broad monetary policy changes alone are no longer deemed adequate to meet the increasingly precise economic objectives of policy makers, so more specific regulations have been issued. These have limited the scope and flexibility of bank managements to adjust to changing market conditions and have restricted the ability of banks to compete equitably with other financial institutions, especially for savings.

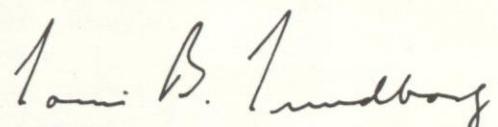
Looking Ahead

The world-wide upsurge in demands for credit and the full employment policies of our government indicate that monetary conditions will remain at least somewhat tighter over the years ahead than during the past decade. If so, not only banking but all financial institutions, public and private, will more and more be in the middle of every key economic policy decision. In these circumstances and in light of the 1966 experience, it would seem obvious that, in the future, fiscal policy must be more closely coordinated with monetary policy if severe dislocations are to be avoided. At Bank of America, we seriously question whether the banking system could repeat its 1966 performance if regulations are increased. We also wonder if the economy could as successfully weather another period like 1966 if fiscal policy is not used more promptly and effectively in support of monetary policy.

It seems, therefore, that the days of banking as a silent service may be at or nearing an end. The simple fact is that the commercial banking system was able to perform with skill and dispatch in 1966 because the managements of major banks had, despite an already high degree of regulation, some measure of flexibility. Any moves to further restrict banking will limit the industry's ability to respond to economic forces and to serve the private sector of the economy. The banking industry is determined to provide still more effective and economical services to customers, and to become still more active in helping to strengthen our nation's financial resources to meet whatever needs lie ahead. In these circumstances, the industry not only has a right but it also has an obligation to speak out and defend its vital role in the American economy. This presents a new challenge to bank managements. As in the past, Bank of America is determined to contribute its full share to these efforts.



R. A. PETERSON, President



LOUIS B. LUNDBORG, Chairman



BANK OF AMERICA'S MANAGING COMMITTEE

**meets each Monday,
and on special call when necessary,
to set the administrative
policy of the bank.**

Chairman

R. A. PETERSON

President—the presiding officer at all meetings
(center)

Members

Pictured from left to right:

A. R. ZIPF

Executive Vice President in charge of Branches

D. C. SUTHERLAND

Executive Vice President in charge of Loans and
Chairman of the General Finance Committee



F. E. YOUNG

Assistant to the President

SAMUEL B. STEWART

Executive Vice President, General Counsel and
Executive Officer in charge of Trust Activities

R. A. PETERSON

LOUIS B. LUNDBORG

Chairman of the Board of Directors and Executive Officer
in charge of the Southern Division

KEATH L. CARVER

Executive Vice President and Chairman of
the Southern California Finance Committee

C. H. BAUMHEFNER

Executive Vice President and Cashier

R. D. SYER

Senior Vice President and Executive Officer in charge
of Manpower Planning

WALTER E. HOADLEY

Senior Vice President and Chief Economist

F. M. DANA

Executive Vice President and Coordinator of Bank Activities

Not present when picture was taken:

R. L. GORDON

Executive Vice President and Senior Administrative Officer
for the Southern Division

ROLAND PIEROTTI

Executive Vice President in charge of
International Banking

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

RESOURCES	1966	1965
Cash and due from banks	\$ 2,873,691,225.94	\$ 2,345,353,701.73
United States Government securities and securities guaranteed by the Government	1,857,676,142.01	1,886,367,775.42
Federal agency securities	118,117,829.71	152,961,242.17
State, county and municipal securities	1,360,408,773.18	1,119,979,073.32
Other securities	140,761,126.57	123,978,136.68
Stock in Federal Reserve Bank	19,800,000.00	19,800,000.00
TOTAL SECURITIES	\$ 3,496,763,871.47	\$ 3,303,086,227.59
Loans guaranteed or insured by the United States Government or its agencies	1,212,422,614.19	1,245,756,891.98
Other loans to customers <i>for use in their businesses;</i> <i>for building, buying, or modernizing their homes;</i> <i>for financing automobile or household equipment</i> <i>purchases, etc.</i>	9,704,431,811.68	8,904,216,462.65
TOTAL LOANS AND DISCOUNTS	\$10,916,854,425.87	\$10,149,973,354.63
Funds sold	226,071,591.04	—
Direct lease financing	84,327,456.10	77,550,384.78
Interest due on bonds and loans, and accounts receivable .	208,245,063.00	135,002,933.93
Customers' liability for acceptances	321,545,435.55	274,239,453.63
Bank premises, furniture, fixtures, and safe deposit vaults, <i>carried at cost less depreciation reserve</i> <i>amounting to \$129,023,506.67 in 1966</i> <i>and \$116,087,762.66 in 1965</i>	249,424,184.38	235,523,653.47
Other real estate owned. <i>Unoccupied bank premises</i> <i>and real estate acquired in the settlement of debt,</i> <i>carried at less than cost or at appraised value</i>	3,788,907.23	3,214,164.21
Other resources, <i>deferred charges, etc.</i>	5,834,067.13	5,013,729.72
TOTAL RESOURCES	\$18,386,546,227.71	\$16,528,957,603.69

Member Federal Reserve System

Bank of America — New York

(INTERNATIONAL)

A wholly owned subsidiary

RESOURCES	1966	1965
Cash and due from banks	\$277,465,275.80	\$207,176,715.03
United States Government obligations, direct and guaranteed	5,000,000.00	5,000,000.00
Other securities	9,124,203.17	9,519,114.78
Loans and discounts	231,112,659.11	232,284,089.11
Accrued interest	2,824,556.67	2,070,206.92
Customers' liability for acceptances and endorsed bills	50,505,621.37	54,055,123.20
Bank premises, furniture and fixtures . . .	3,457,420.85	3,496,064.53
Other resources	1,715,492.87	1,244,902.10
TOTAL RESOURCES	\$581,205,229.84	\$514,846,215.67

COMPARATIVE STATEMENT OF CONDITION

DECEMBER 31, 1966

(Figures of overseas branches are as of December 24, 1966)

LIABILITIES	1966	1965
Capital representing the investment of over 200,000 stockholders of record	\$ 178,000,000.00	\$ 178,000,000.00
Surplus paid in by stockholders or accumulated from earnings	482,000,000.00	482,000,000.00
Undivided profits accumulated and reinvested in the business	264,595,524.47	221,714,711.24
Reserves set aside out of accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies	10,918,498.70	10,178,436.19
TOTAL CAPITAL FUNDS	\$ 935,514,023.17	\$ 891,893,147.43
Reserve for possible loan losses to apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans	173,370,389.99	170,006,590.33
Demand deposits placed with the bank by individuals, corporations, firms, banks, United States and other governments, the State of California and political subdivisions thereof	6,211,231,593.60	5,835,527,861.61
Savings and time deposits placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, banks, United States and other governments, the State of California and political subdivisions thereof	10,205,511,607.66	9,101,602,595.03
TOTAL DEPOSITS	\$16,416,743,201.26	\$14,937,130,456.64
Funds borrowed	284,752,693.47	32,869,192.53
Liability on acceptances	322,239,804.68	275,485,565.12
Reserve for interest received in advance	152,784,858.35	143,267,779.89
Reserve for interest payable on time deposits and for taxes and other expenses	101,141,256.79	78,304,871.75
TOTAL LIABILITIES	\$18,386,546,227.71	\$16,528,957,603.69

Member Federal Deposit Insurance Corporation

Comparative Statement of Condition

December 31, 1966

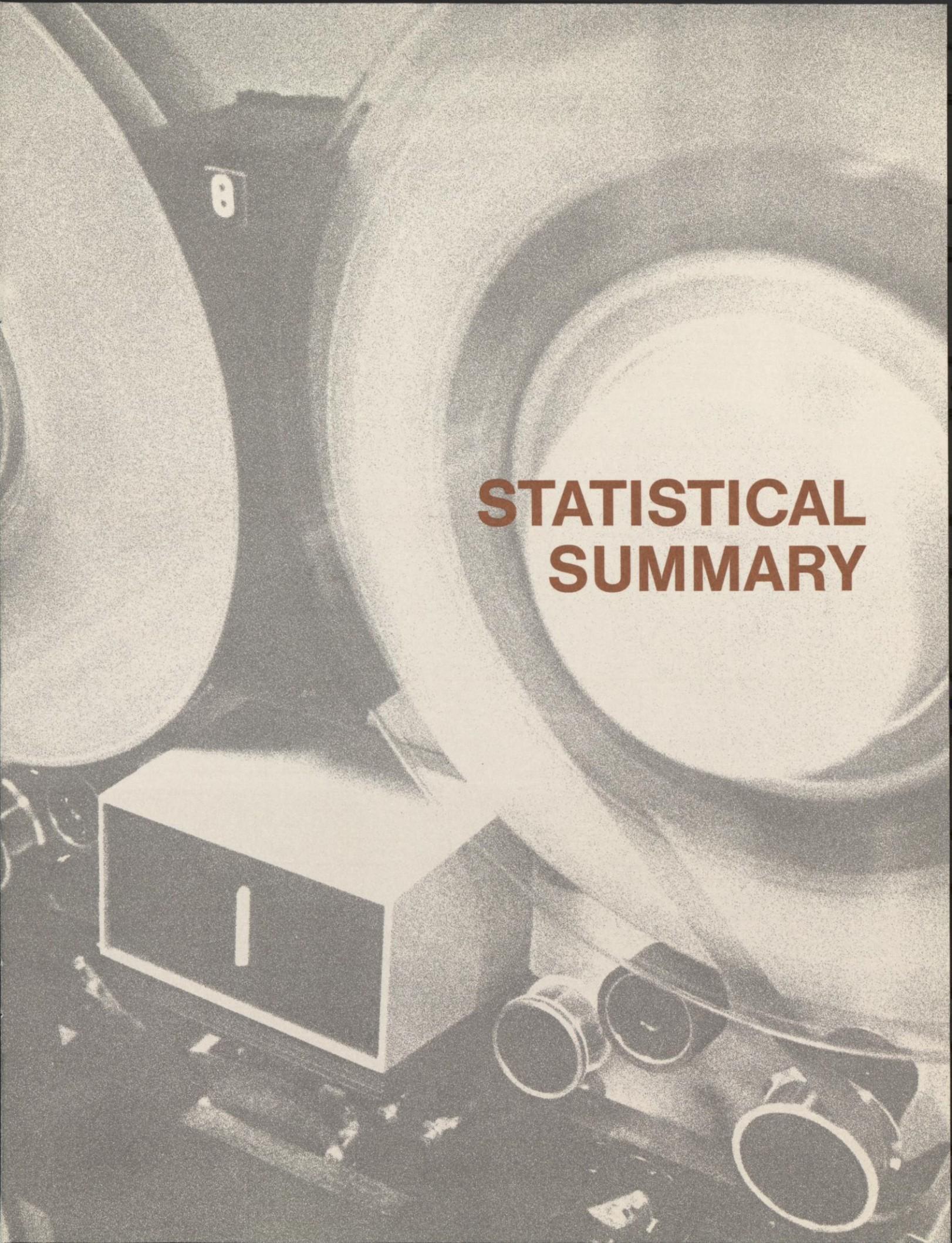
LIABILITIES	1966	1965
Capital	\$ 34,000,000.00	\$ 34,000,000.00
Surplus	11,800,000.00	11,800,000.00
Undivided profits	2,272,622.71	1,309,291.69
TOTAL CAPITAL FUNDS	\$ 48,072,622.71	\$ 47,109,291.69
Reserve for possible loan losses	5,161,731.30	5,200,069.66
Deposits	468,837,418.04	399,350,787.68
Funds borrowed	—	6,000,000.00
Liability on acceptances	52,695,236.90	49,605,882.48
Liability on endorsed bills	4,828,908.79	5,369,349.05
Reserve for interest received in advance	768,437.32	828,234.06
Reserve for interest, taxes, etc.	840,874.78	1,382,601.05
TOTAL LIABILITIES	\$581,205,229.84	\$514,846,215.67

COMPARATIVE SUMMARY OF EARNINGS

OPERATING EARNINGS:	1966	1965
Interest on loans	\$638,927,753	\$556,129,542
Interest and dividends on securities, after amortization of premiums	118,892,950	111,916,296
Commissions, fees, and other income	<u>121,392,978</u>	<u>116,076,051</u>
	\$879,213,681	\$784,121,889
OPERATING EXPENSES:		
Interest paid	\$388,053,027	\$319,617,624
Salaries (including employes' profit-sharing participation amounting to \$3,957,824 in 1966 and \$4,136,325 in 1965)	171,684,854	161,640,782
Provision for taxes and assessments applicable to operations	93,612,194	98,221,436
Other operating expenses	<u>112,826,436</u>	<u>102,907,714</u>
	\$766,176,511	\$682,387,556
Net Operating Earnings	<u>\$113,037,170</u>	<u>\$101,734,333</u>

RECONCILEMENT OF CAPITAL FUNDS

	1966	1965
Capital Funds on January 1	\$891,893,147	\$859,788,887
Additions: Net Operating Earnings	113,037,170	101,734,333
Profit (loss) on securities transactions, after Federal tax	1,623,706	1,409,927
Deductions: Transfers to reserves, after Federal tax reduction resulting therefrom . . .	(14,080,000)	(14,080,000)
Dividends paid	<u>(56,960,000)</u>	<u>(56,960,000)</u>
Net addition to Capital Funds	\$ 43,620,876	\$ 32,104,260
Capital Funds on December 31	<u>\$935,514,023</u>	<u>\$891,893,147</u>



STATISTICAL SUMMARY

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
\$	412,558	446,290	500,145	535,595	552,231	601,303	656,321	718,087	784,122	879,214
\$	340,583	369,271	413,847	442,367	464,448	518,176	565,812	618,462	682,388	766,177
\$	71,975	77,019	86,298	93,228	87,783	83,127	90,509	99,625	101,734	113,037
\$	2.68*	2.87*	3.21*	3.47*	3.08	2.92	3.18	3.50	3.57	3.97

*Adjusted for 5% stock dividend paid December 1961

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
\$	572,830	595,404	620,857	648,123	678,264*	794,184	815,101	843,151	874,079	911,627
12.6%	12.9%	13.9%	14.4%	12.9%	10.5%	11.1%	11.8%	11.6%	12.4%	
\$	46,080	46,080	48,640	49,920	51,200	56,960	56,960	56,960	56,960	56,960
\$	1.80	1.80	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00
25,600,000	25,600,000	25,600,000	25,600,000	28,480,000	28,480,000	28,480,000	28,480,000	28,480,000	28,480,000	28,480,000

*Excludes proceeds from sale of additional common stock issued December 1961

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
\$	4,790	4,975	5,328	5,267	5,552	5,564	5,949	5,950	5,835	6,211
\$	4,734	5,332	5,297	5,539	5,923	6,532	7,293	8,050	9,102	10,206
\$	9,524	10,307	10,625	10,806	11,475	12,096	13,242	14,000	14,937	16,417

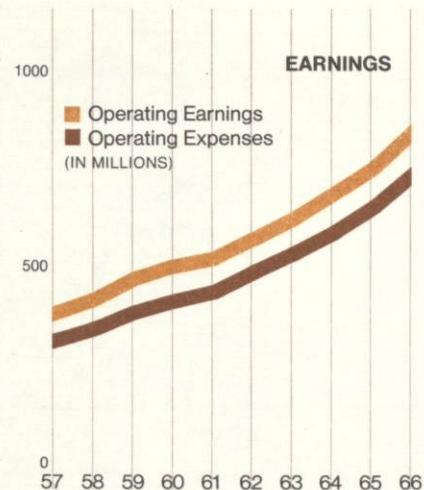
	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
\$	2,163	2,208	2,744	2,945	3,075	3,344	3,581	4,179	4,894	5,429
\$	2,190	2,307	2,528	2,355	2,392	2,717	3,033	3,067	3,145	3,222
\$	1,202	1,147	1,328	1,399	1,361	1,527	1,751	1,975	2,111	2,266
\$	5,555	5,662	6,600	6,699	6,828	7,588	8,365	9,221	10,150	10,917

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
\$	1,874	2,398	1,796	1,782	2,256	2,013	2,002	2,022	1,886	1,858
\$	615	740	704	696	719	846	957	951	1,120	1,360
\$	253	279	225	225	206	245	233	225	297	279
\$	2,742	3,417	2,725	2,703	3,181	3,104	3,192	3,198	3,303	3,497
	3/2	3/2	3/1	2/6	1/11	2/8	3/4	3/4	3/9	4/1

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
5.44%	5.64%	5.85%	6.12%	6.09%	6.06%	6.07%	6.09%	6.16%	6.44%	
2.40%	2.32%	2.52%	2.62%	2.67%	2.80%	3.01%	3.22%	3.35%	3.60%	

EARNINGS IN THOUSANDS OF DOLLARS

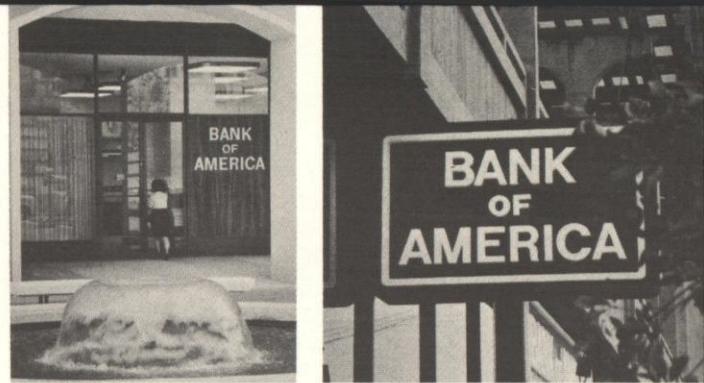
Operating Earnings
Operating Expenses
Net Operating Earnings
N.O.E. Per Share (in dollars)



DIVIDENDS & CAPITAL

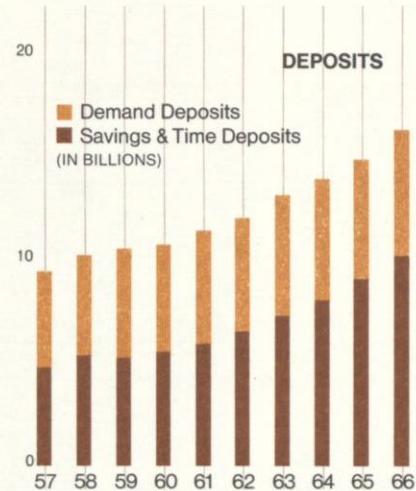
Average Capital (beginning, middle, and end of year—in thousands of dollars)
Return On Average Capital
Dividends Paid (in thousands of dollars)
Dividends Per Share (in dollars)

Number of Shares Outstanding



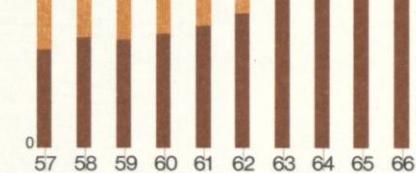
DEPOSITS IN MILLIONS OF DOLLARS

Demand Deposits
Savings and Time Deposits
Total Deposits



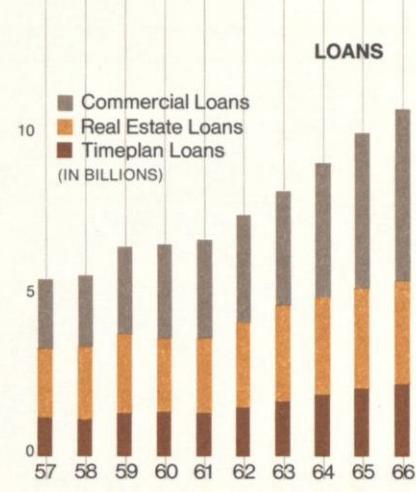
LOANS IN MILLIONS OF DOLLARS

Commercial Loans
Real Estate Loans
Timeplan Loans
Total Loans



SECURITIES IN MILLIONS OF DOLLARS

Government-Guaranteed
State, County and Municipal
Other Securities
Total Securities
Average Maturity—U.S. Government Securities (years/months)



AVERAGE EARNING RATES

(excluding overseas branches)
Loans
Securities



1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
\$ 4,175	4,305	4,614	4,703	4,810	4,919	5,059	5,246	5,291	5,379
\$ 4,332	4,923	5,123	4,938	5,366	5,988	6,493	7,082	7,798	8,609
\$ 8,507	9,228	9,737	9,641	10,176	10,907	11,552	12,328	13,089	13,988
\$ 5,222	5,343	5,888	6,401	6,386	6,826	7,470	8,245	8,893	9,672
\$ 2,550	3,204	2,985	2,402	2,902	3,119	3,153	3,194	3,403	3,500

1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
\$ —	—	31,600	59,900	74,000	84,800	111,100	144,400	185,900	228,300
—	—	*	*	*	1,014,000	1,256,000	1,280,000	1,328,000	1,983,000
—	—	26,400	29,300	35,200	35,400	37,700	40,200	54,600	64,100

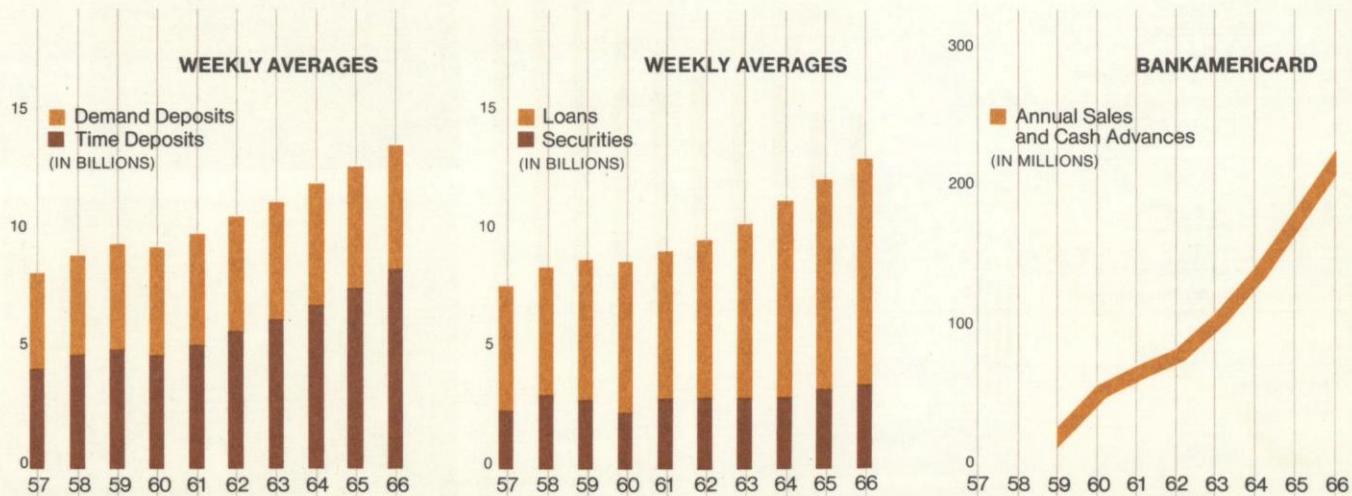
*Not available on a comparable basis

1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
617	638	664	707	738	819	850	871	891	902
32	31	31	31	31	31	31	31	31	30
2	2	3	3	3	3	3	3	3	3

1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
14	14	16	19	20	22	22	27	34	44
11	11	12	11	12	12	12	13	12	13
9	10	13	13	12	11	13	11	11	11

\$ 1.5 1.7 1.7 2.0 2.1 2.3 2.7 3.1 3.8 4.5

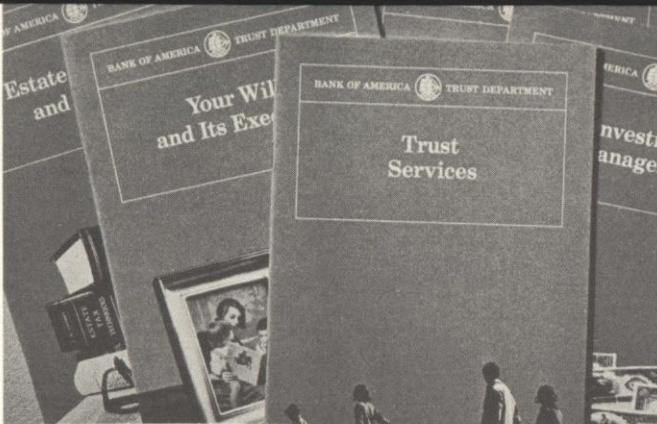
1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
3.8%	1.4%	13.4%	6.9%	4.1%	10.7%	8.5%	16.3%	10.3%	8.8%



WEEKLY AVERAGES

IN MILLIONS OF DOLLARS
(excluding overseas branches)

- Demand Deposits
- Savings and Time Deposits
- Total Deposits
- Loans
- Securities



BANKAMERICARD

(in California)

- Annual Sales and Cash Advances
(in thousands of dollars)
- Number of Cardholders—Year End
- Number of Participating Merchants
—Year End



DOMESTIC UNITS

- Branches
- Military Facilities
- Representative Offices



INTERNATIONAL

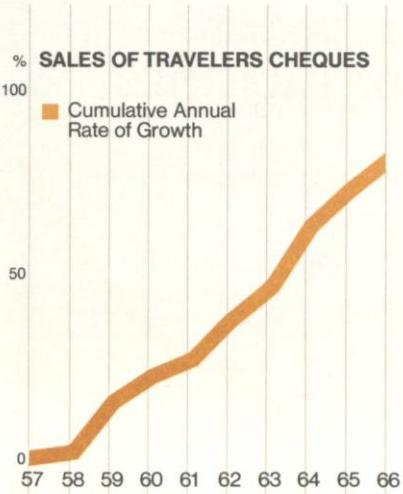
- Overseas Branches
- Overseas Military Facilities
- Overseas Representative Offices

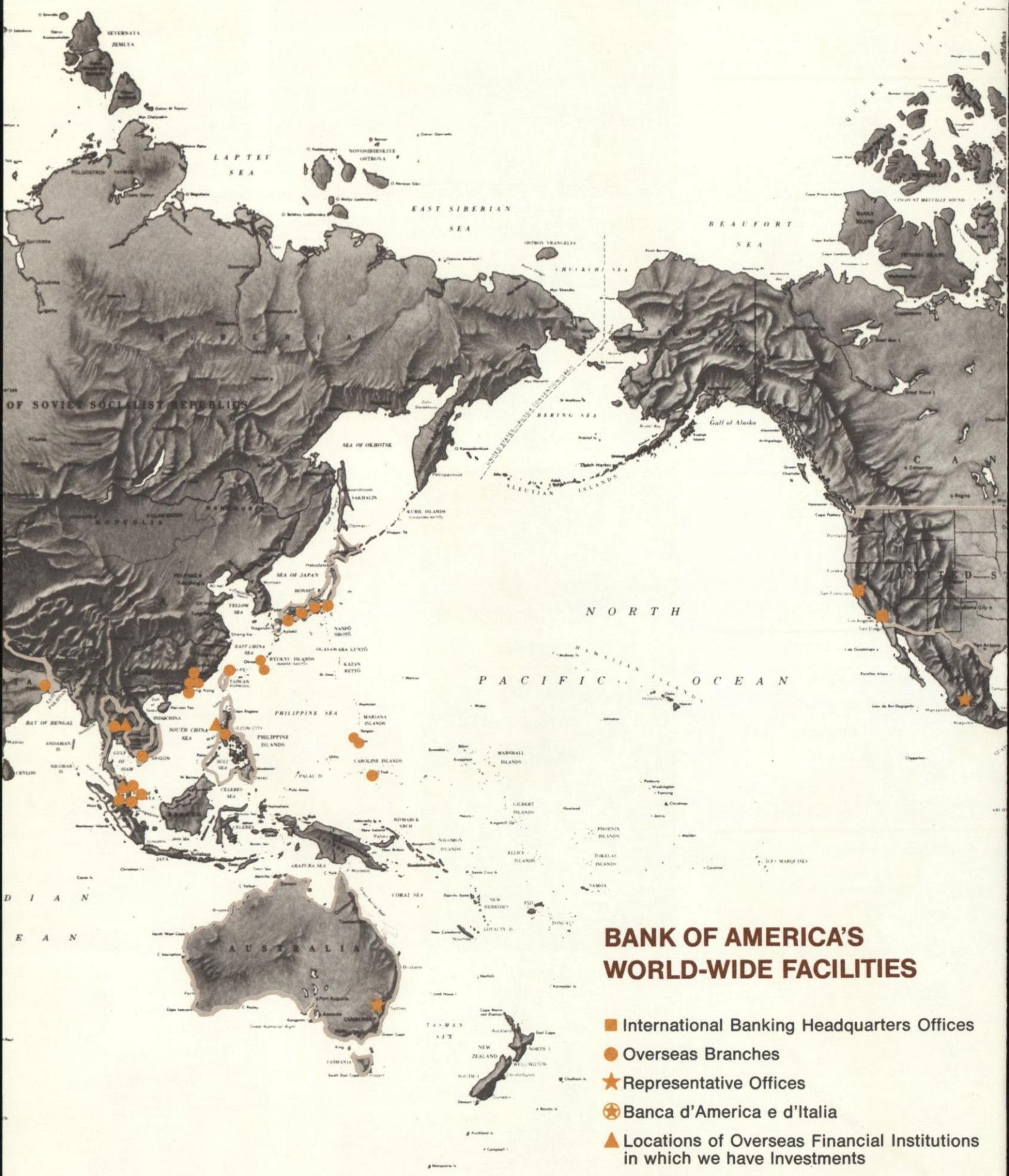
Total International Resources
(in billions of dollars)



TRAVELERS CHEQUES

Annual Rate of Growth





BANK OF AMERICA'S WORLD-WIDE FACILITIES

- International Banking Headquarters Offices
- Overseas Branches
- ★ Representative Offices
- ☆ Banca d'America e d'Italia
- ▲ Locations of Overseas Financial Institutions in which we have Investments



THE BANK OF AMERICA INTERNATIONAL ORGANIZATION

IN THE U.S.A.

INTERNATIONAL BANKING ADMINISTRATION

San Francisco, California
300 Montgomery Street

INTERNATIONAL BANKING OFFICES

Los Angeles, California
101 West Seventh Street
San Francisco, California
540 Montgomery Street
New York City
Bank of America (International)
(A wholly owned subsidiary)
37/41 Broad Street

OFFICES OF REPRESENTATIVES

Chicago, Illinois
135 South La Salle Street
New York City
37/41 Broad Street
Washington, D.C.
730 15th Street N.W.

IN EUROPE

BRANCHES

Austria
Vienna Branch
Rotenturmstrasse 13

Belgium

Antwerp Branch
34 Van Eycklei
Brussels Branch
1 Place Madou

England

London Branch
27-29 Walbrook
West End Branch
29 Davies Street, London

France

Paris Branch
28 Place Vendôme

Germany

Duesseldorf Branch
Koenigsallee 33

The Netherlands

Amsterdam Branch
Herengracht 237/239
Rotterdam Branch
66 Calandstraat

OFFICES OF REPRESENTATIVES

Denmark

Scandinavia
Norregade 40, Copenhagen

France

Portugal, Greece & North Africa
28 Place Vendôme, Paris

Germany

Koenigsallee 33, Duesseldorf

Italy

Via G. Verdi 2, Milan

Spain

Marques de Valdeiglesias, No. 3
Madrid

Switzerland

Talacker 50, Zurich

BANCA D'AMERICA E D'ITALIA

—an affiliate of Bank of America
Head Office
5 Via Manzoni, Milan, Italy
Maintains 85 banking offices
throughout Italy—including
Bologna, Florence, Genoa, Naples,
Rome, Turin, Venice and other
key cities.

INVESTMENTS IN FINANCIAL INSTITUTIONS IN:

Athens, Greece; Barcelona and
Madrid, Spain; Geneva,
Switzerland; Luxembourg;
Monchengladbach, Germany.

IN THE FAR EAST

BRANCHES

Guam
Agana Branch
Marine Drive
Tamuning Branch
Marine Drive

BANCA D'AMERICA E D'ITALIA

*Condensed Statement of Condition December 31, 1966
(converted to U.S. dollars at the exchange rate of December 31, 1966)*

RESOURCES

Cash on hand and due from banks and correspondents	\$330,943,049
Cash and Government securities deposited with Banca d'Italia . . .	128,144,940
Investment in Government securities .	48,033,698
Investment in other securities and participations	50,306,292
Bills discounted	62,804,422
Loans and advances	259,764,340
Bills held for collection	27,125,938
Customers' liability under acceptances .	2,510,325
Bank premises (revalued in accordance with law) and furniture and fixtures	4,965,138
Other assets	21,040,198
TOTAL RESOURCES	\$935,638,340

LIABILITIES

Capital	\$ 2,080,000
Surplus	8,720,000
Undivided profits	2,060,843
Reserve arising from revaluation of bank premises	1,469,073
Deposits and other accounts	852,724,048
Acceptances	2,510,325
Unearned discount	1,613,253
Bills received for collection	25,522,843
Staff liquidation fund	11,855,142
Other liabilities and provisions for future contingencies	27,082,813
TOTAL LIABILITIES	\$935,638,340

This is an unaudited balance sheet and, in accordance with Italian banking practices, is subject to the approval of the Board of Directors and Shareholders at the Annual Meeting in Milan in April of 1967. Contra accounts amounting to \$181,175,191 have been excluded to conform with U.S. reporting practices.

Hong Kong, B.C.C.

Hong Kong Branch
2a Queen's Road, Central
Kowloon Branch
655 Nathan Road
Peninsula Branch
100 Nathan Road, Kowloon
West Point Branch
73-79 Des Voeux Road, West

Japan

Kobe Branch
76-1 Kyomachi, Ikuta-ku
Osaka Branch
No. 5 Koraibashi
4 chome, Higashi-ku
Tokyo Branch
4, 1-chome, Marunouchi
Chiyoda-ku
Yokohama Branch
33 Nihon-Odori, Naka-ku

Okinawa

Koza Branch
334 Aza Shimabukuro
Kitanakagusuku-son
Naha Branch
2 Banchi, 5 chome
Higashi-machi

Philippines

Manila Branch
231 Juan Luna

Taiwan

Taipei Branch
43 Kuan Chien Road

BANCA D'AMERICA E D'ITALIA

Maintains 85 offices throughout Italy
(figures indicate number in each city)



Trust Territories

(Pacific Islands)
Truk (Island of Moen)

INVESTMENTS IN FINANCIAL INSTITUTIONS IN:

Manila, Philippines

IN SOUTHEAST ASIA AND AUSTRALASIA

BRANCHES

India

Bombay Branch
18 Bruce Street
Calcutta Branch
8 India Exchange Place

Malaysia

Kuala Lumpur Branch
2 Jalan Weld

Pakistan

Karachi Branch
Jubilee Insurance House, McLeod Rd.

Singapore (Republic of)

Jurong Branch
97-99 Taman Jurong, Singapore
Orchard Road Branch
376 Orchard Road, Singapore
Singapore Branch
31 Raffles Place

Thailand

Bangkok Branch
297 Suriwong Road

Vietnam

Saigon Branch
16-32 Phan Van Dat

OFFICE OF REPRESENTATIVE:

Australia

Southeast Asia and Australasia
Plaza Building - Australia Square
Sydney, N.S.W.

INVESTMENTS IN FINANCIAL INSTITUTIONS IN:

Bangkok, Thailand; Bombay, India;
Karachi, Pakistan; Kuala Lumpur,
Malaysia; Singapore (Republic of)

IN THE MIDDLE EAST AND AFRICA

BRANCHES

Lebanon

Beirut Branch
Riad Solh Street-Intra Bldg.

Nigeria

Lagos Branch
138/146 Broad Street

OFFICE OF REPRESENTATIVE:

Lebanon

Riad Solh Street-Intra Bldg.
Beirut

INVESTMENTS IN FINANCIAL INSTITUTIONS IN:

Abidjan, Ivory Coast; Ankara, Turkey; Brazzaville, Congo (Republic of the); Bujumbura, Burundi; Casablanca, Morocco; Dakar, Senegal; Dar-es-Salaam, Tanzania; Douala, Cameroun; Istanbul, Turkey; Izmir, Turkey; Kampala, Uganda; Kigali, Rwanda; Kinshasa, Congo (Democratic Republic of the); Lagos, Nigeria; Nairobi, Kenya; Teheran, Iran; Tripoli, Libya; Tunis, Tunisia

IN LATIN AMERICA

BRANCHES

Argentina

Buenos Aires Branch
Maipu 250

Guatemala

Guatemala Branch
5a. Ave. 11-16 Zona 1
La Torre, 7a. Ave. 7-34 Zona 4
Guatemala, C.A.

Honduras

Tegucigalpa Branch
1st Street & 7th Avenue

Nicaragua

Managua Branch
Avenida Roosevelt & 2a Calle N.O.

Panama (Republic of)

Colon Branch
Tenth Street & Front Avenue
Central Avenue Branch
Avenida 7a Central, Panama
Panama Branch
Avenida Peru y Calle 36

Peru

Lima Branch
Jiron Antonio Miro Quesada 327

OFFICES OF REPRESENTATIVES

Brazil

Avenida Rio Branco 52
Rio de Janeiro, G.B.

Mexico

Ave. Juarez 14-811
Mexico, D.F.

Venezuela

Edificio Banco Industrial
Esquina Traposos, Caracas

INVESTMENTS IN FINANCIAL INSTITUTIONS IN:

Managua, Nicaragua; Mexico, D.F.;
Nassau, Bahamas;
San Jose, Costa Rica

CORRESPONDENT BANKS AROUND THE WORLD

BOARD OF DIRECTORS

ROBERT B. ANDERSON*	ROBERT E. HUNTER*
<i>Carl M. Loeb, Rhoades and Company</i>	<i>Property Management</i>
<i>New York, New York</i>	<i>Santa Barbara, California</i>
ROY L. ASH	EDGAR F. KAISER*
<i>Litton Industries</i>	<i>Kaiser Industries Corp.</i>
<i>Beverly Hills, California</i>	<i>Oakland, California</i>
HARRY S. BAKER	LOUIS B. LUNDBORG
<i>Producers Cotton Oil Co.</i>	<i>Chairman of the Board</i>
<i>Fresno, California</i>	<i>Bank of America NT&SA</i>
S. CLARK BEISE	GARRET McENERNEY II
<i>Chairman, Executive Committee</i>	<i>McEnerney & Jacobs</i>
<i>Bank of America NT&SA</i>	<i>San Francisco, California</i>
WHEELOCK H. BINGHAM	R. A. PETERSON
<i>R. H. Macy & Co., Inc.</i>	<i>President</i>
<i>New York, New York</i>	<i>Bank of America NT&SA</i>
DANIEL P. BRYANT	NEIL PETREE
<i>Bekins Van & Storage Co.</i>	<i>Barker Bros. Corporation</i>
<i>Los Angeles, California</i>	<i>Los Angeles, California</i>
OWEN R. CHEATHAM	LOUIS A. PETRI
<i>Georgia-Pacific Corporation</i>	<i>United Vintners Inc.</i>
<i>New York, New York</i>	<i>San Francisco, California</i>
AUSTIN T. CUSHMAN	A. E. SBARBORO
<i>Sears, Roebuck & Co.</i>	<i>San Francisco, California</i>
<i>Chicago, Illinois</i>	JESSE W. TAPP
ROBERT DI GIORGIO	<i>Chairman of the</i>
<i>Di Giorgio Corporation</i>	<i>General Trust Committee</i>
<i>San Francisco, California</i>	<i>Bank of America NT&SA</i>
F. A. FERROGGIARO	ROLAND TOGNAZZINI
<i>Oakland, California</i>	<i>Union Sugar Company</i>
FORREST FRICK*	<i>San Francisco, California</i>
<i>Rancher</i>	GROVER D. TURNBOW
<i>Bakersfield, California</i>	<i>Industrialist</i>
GEORGE F. GETTY II	<i>Oakland, California</i>
<i>Tidewater Oil Company</i>	THEODORE A. VON der AHE
<i>Los Angeles, California</i>	<i>Von's Grocery Company</i>
WALTER A. HAAS, JR.	<i>El Monte, California</i>
<i>Levi Strauss & Co.</i>	E. HORNSBY WASSON*
<i>San Francisco, California</i>	<i>The Pacific Telephone and Telegraph Company</i>
MARSHAL HALE	<i>San Francisco, California</i>
<i>Hale Bros. Realty Co.</i>	CARL F. WENTE
<i>San Francisco, California</i>	<i>Honorary Chairman</i>
PRENTIS C. HALE	<i>Board of Directors</i>
<i>Broadway-Hale Stores, Inc.</i>	<i>Bank of America NT&SA</i>
<i>San Francisco, California</i>	
MRS. CLAIRE GIANNINI HOFFMAN	
<i>San Mateo, California</i>	*Advisory Directors

Advisory Council to the Managing Committee

H. M. BARDT
Los Angeles, California

W. J. BRAUNSCHWEIGER
Los Angeles, California

LLOYD MAZZERA
Oakland, California

J. H. ROSENBERG
Los Angeles, California

62 YEARS OF GROWTH OF BANK OF AMERICA NT&SA

Dec. 31	Loans	Securities	Deposits	Capital Funds	Resources	Branches in California
1904	\$ 178,400	\$ 34,446	\$ 134,413	\$ 151,024	\$ 285,437	1
1905	883,522	24,505	703,024	310,000	1,021,291	1
1906	1,471,123	81,571	1,348,723	531,565	1,899,947	1
1907	1,678,222	57,884	1,660,324	546,945	2,221,347	2
1908	1,669,567	57,884	1,728,899	828,673	2,574,005	2
1909	2,445,137	266,628	2,929,495	840,820	3,817,218	3
1910	4,159,459	858,547	5,348,151	1,150,000	6,539,861	3
1911	4,885,974	1,638,000	7,129,456	1,201,649	8,379,347	3
1912	7,092,823	1,846,769	9,916,018	1,251,437	11,228,815	4
1913	10,282,785	2,406,706	14,226,242	1,580,390	15,882,912	7
1914	11,457,790	2,677,718	16,272,563	1,600,217	18,030,402	7
1915	12,970,068	5,084,363	20,474,873	1,624,244	22,321,861	7
1916	23,682,894	7,527,408	36,804,776	2,691,452	39,805,995	12
1917	47,004,189	13,308,177	72,044,729	4,100,000	77,473,153	19
1918	59,869,035	14,538,649	85,937,839	7,000,000	93,546,162	24
1919	74,737,335	33,855,881	127,258,626	8,500,000	137,900,700	24
1920	95,127,616	37,199,447	140,993,545	12,913,240	157,464,685	24
1921	116,911,735	43,499,682	177,867,611	15,036,948	194,179,450	41
1922	152,989,286	59,090,529	229,751,526	22,529,844	254,282,290	61
1923	200,505,931	56,543,859	276,548,879	23,616,832	301,963,478	75
1924	204,472,438	96,489,255	328,963,919	28,061,578	358,656,302	87
1925	228,793,066	121,678,890	389,433,241	30,974,173	422,838,587	98
1926	255,557,233	129,630,279	416,656,511	36,928,035	460,981,773	98
1927	403,864,139	238,856,707	645,002,138	63,040,829	765,188,977	289
1928	410,276,641	272,884,061	698,435,841	105,756,632	847,910,539	290
1929	541,617,718	246,538,740	893,892,733	108,651,159	1,055,113,373	292
1930	669,258,341	249,139,543	998,039,477	106,477,386	1,161,895,889	353
1931	548,431,954	237,965,856	749,796,772	105,789,289	925,150,152	346
1932	480,675,374	262,952,550	700,447,811	106,326,495	876,309,347	345
1933	458,693,566	311,084,996	767,817,646	104,911,632	941,001,838	345
1934	461,645,975	477,989,657	978,332,802	98,575,205	1,142,323,319	413
1935	451,009,354	622,694,559	1,155,265,465	102,455,685	1,277,419,381	421
1936	532,076,966	625,809,982	1,298,976,759	106,995,170	1,430,337,201	466
1937	630,668,811	553,131,379	1,357,378,756	110,844,941	1,493,373,095	491
1938	673,828,309	557,632,428	1,437,027,491	115,810,433	1,574,721,670	494
1939	711,054,697	604,268,671	1,482,791,676	118,853,366	1,628,586,278	495
1940	778,295,101	668,676,296	1,632,228,397	156,337,691	1,817,535,186	495
1941	914,569,553	693,113,910	1,908,383,921	160,378,646	2,095,635,619	495
1942	840,469,960	1,265,749,444	2,586,140,699	160,402,363	2,771,689,632	487
1943	810,660,642	2,095,432,722	3,498,153,210	166,384,995	3,697,912,675	488
1944	894,436,931	2,740,064,364	4,350,539,688	219,322,432	4,609,124,133	491
1945	1,018,741,456	3,533,172,278	5,339,307,098	229,594,556	5,626,063,927	493
1946	1,722,743,513	2,882,151,377	5,415,849,715	241,296,707	5,765,525,193	500
1947	2,492,979,739	2,170,721,906	5,467,199,162	261,690,893	5,845,817,669	508
1948	2,807,070,398	1,945,231,719	5,639,523,419	284,184,798	6,072,913,872	517
1949	2,804,522,646	2,322,505,622	5,775,110,029	310,717,868	6,250,402,352	525
1950	3,256,953,558	2,243,415,017	6,191,705,871	399,911,277	6,863,358,214	526
1951	3,632,685,350	2,439,510,645	6,815,866,795	412,385,858	7,531,296,927	529
1952	4,069,150,471	2,413,852,775	7,485,116,184	424,302,146	8,201,689,369	538
1953	4,148,713,734	2,531,605,621	7,744,200,096	441,363,763	8,501,761,722	543
1954	4,043,312,145	3,271,392,367	8,270,534,751	466,596,688	9,163,355,289	548
1955	4,727,961,473	2,984,567,789	8,802,506,128	485,848,396	9,669,145,972	574
1956	5,353,035,991	2,518,301,682	8,993,240,999	562,867,001	9,991,842,012	603
1957	5,554,784,021	2,742,530,348	9,524,116,723	583,021,221	10,639,149,591	617
1958	5,661,888,351	3,417,539,858	10,307,560,993	607,536,823	11,290,852,752	638
1959	6,599,668,232	2,725,392,943	10,624,958,182	632,666,983	11,669,404,346	664
1960	6,699,494,437	2,702,508,088	10,805,891,450	663,632,290	11,941,981,259	707
1961	6,827,609,080	3,180,825,331	11,475,436,134	785,113,468	12,735,764,740	738
1962	7,587,992,697	3,104,506,580	12,095,965,067	803,708,548	13,417,140,809	819
1963	8,365,413,120	3,192,475,035	13,242,505,625	828,180,759	14,693,851,459	850
1964	9,221,083,111	3,197,948,529	14,000,122,847	859,788,887	15,498,892,008	871
1965	10,149,973,355	3,303,086,228	14,937,130,457	891,893,147	16,528,957,604	891
1966	10,916,854,426	3,496,763,871	16,416,743,201	935,514,023	18,386,546,228	902



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